

Message Text

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USEEC

E.O. 11652: N/A

TAGS: EEC, ECON, ECIN, EAGR

SUBJ: EC FOREIGN MINISTERS COUNCIL, DECEMBER 19-20, 1977:

HIGHLIGHTS

REFS: (A) BRUSSELS 18149; (B) BRUSSELS 18828; (C)
BRUSSELS 18551; (D) BRUSSELS 6074; (E) BRUSSELS 18830

1. SUMMARY:

DURING DECEMBER 19-20 COUNCIL SESSION, EC FOREIGN
MINISTERS CONCENTRATED ON STEEL AND TEXTILE ISSUES,
BUT ALSO COVERED THE FOLLOWING: RELATIONS WITH JAPAN;
EURATOM-IAEA RELATIONS; THE EURATOM-CANADA NUCLEAR
AGREEMENT; NEGOTIATIONS WITH SPAIN, YUGOSLAVIA, AND
CYPRUS; AID TO LEBANON; NORTH/SOUTH RELATIONS AND THE
COMMON FUND; AND THE EXPORT CREDIT CONSENSUS. (ALL
FOREGOING ISSUES REPORTED SEPTELS). SEPTEL ALSO REPORTS
ON MEETING OF THE EC/GREECE ASSOCIATION COUNCIL AND ON
THE MINISTERIAL SESSION OF THE GREEK ACCESSION NEGOTIA-
TIONS. OTHER ISSUES DISCUSSED BY THE COUNCIL ARE
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HIGHLIGHTED BELOW. END SUMMARY.

2. REGIONAL POLICY:

DISCUSSION OF EC REGIONAL POLICY COVERED FOUR ISSUES:
BUDGETARY APPROPRIATIONS FOR THE EC REGIONAL FUND;
FINANCING OF THE ADDITIONAL TWO PERCENT ALLOCATION FOR

FRANCE DECIDED BY THE DECEMBER 5-6 EUROPEAN COUNCIL (REF A); THE COMMISSION PROPOSAL FOR THE CREATION OF A NON-QUOTA SECTION IN THE REGIONAL FUND; AND INFRASTRUCTURE PROJECT EXPENDITURES.

(A) BUDGETARY APPROPRIATIONS:

BECAUSE OF THE LATE TIMING OF THE EUROPEAN COUNCIL'S DECISION ON THE SIZE OF THE REGIONAL FUND (REF A), THE MINISTERS HAD TO TAKE TWO SEPARATE ACTIONS ON BUDGETARY APPROPRIATIONS FOR THE FUND: (1) LEGAL RATIFICATION OF THE EUROPEAN COUNCIL DECISION; AND (2) CONSIDERATION OF THE INCREASES IN REGIONAL FUND APPROPRIATIONS APPROVED BY THE EUROPEAN PARLIAMENT (REF B). FOR PROCEDURAL REASONS CONNECTED WITH TREATY-DEFINED BUDGETARY PROCESSES, THE TWO ISSUES HAD TO BE CONSIDERED SEPARATELY. THE COUNCIL ACCORDINGLY RATIFIED THE DECISION OF THE EC HEADS OF GOVERNMENT THAT THE 1978-80 REGIONAL FUND SHOULD BE ESTABLISHED AT 1.85 BILLION EUROPEAN UNITS OF ACCOUNT (ONE EUA CURRENTLY EQUALS APPROXIMATELY \$1.20) AND AGREED THAT REGIONAL FUND EXPENDITURES IN THE DRAFT BUDGETS FOR THOSE YEARS SHOULD BE ON THE BASIS OF THE ANNUAL FIGURES APPROVED BY THE HEADS OF GOVERNMENT (1978: 580 MILLION EUA; 1979: 620 MILLION EUA; 1980: 650 MILLION EUA--THE EC BUDGET COUNCIL (REF C) HAS IN FACT ALREADY RATIFIED THE 580 MILLION EUA FIGURE FOR THE 1978 BUDGET.) UNCLASSIFIED

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THE COUNCIL SUBSEQUENTLY AGREED TO THE APPROPRIATIONS INCREASES DECIDED FOR THE 1978 FUND BY THE PARLIAMENT.

(B) ADDITIONAL ALLOCATION FOR FRANCE:

ITALY AND IRELAND OBJECTED TO THE DISTRIBUTION KEY PROPOSED BY THE COMMISSION FOR CALCULATING MEMBER STATE SHARES IN FINANCING THE ADDITIONAL TWO PERCENT ALLOCATION FOR FRANCE. THE COMMISSION PROPOSED THAT MEMBER STATES CONTRIBUTE TO THIS EXTRA SUM ACCORDING TO THEIR PROPORTIONAL SHARE OF REGIONAL FUND BENEFITS. ITALY (40 PERCENT) AND IRELAND (6.5 PERCENT) ARGUED THAT THE TWO POOREST STATES SHOULD NOT HAVE TO BEAR ALMOST HALF OF THIS ADDITIONAL COST AND INSISTED THAT A DIFFERENT DISTRIBUTION KEY, BASED UPON EITHER GNP OR EC BUDGETARY CONTRIBUTIONS) BE USED INSTEAD. THE ISSUE HAS BEEN REFERRED BACK TO COREPER.

(C) NON-QUOTA SECTION:

THE COUNCIL BRIEFLY DISCUSSED THE PROPOSAL THAT THE FUND INCLUDE A NON-QUOTA SECTION FOR THE COMMISSION'S DISCRETIONARY USE ON INDIVIDUAL PROJECTS (REF D).

ACCORDING TO PERMREP OFFICIALS, THE MINISTERS GENERALLY FAVORED THE CONCEPT BUT EXPRESSED DOUBT YON SPECIFIC ASPECTS CONCERNING THE SCOPE OF SUCH A SECTION, THE TYPES OF PROGRAMS IT MIGHT COVER, AND THE MEANS BY WHICH IT MIGHT BE ENDOWED. DISCUSSIONS ARE TO CONTINUE IN COREPER.

(D) INFRASTRUCTURE PROJECTS:

THE MINISTERS WERE UNABLE TO DECIDE ON THE PROPORTION OF MEMBER STATE REGIONAL FUND ALLOCATIONS WHICH MAY BE

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SPENT ON INFRASTRUCTURE PROJECTS. FAILURE TO REACH AGREEMENT WAS LARGELY DUE TO GERMAN INSISTENCE THAT EXPENDITURE ON SUCH PROJECTS BE CONCENTRATED ON AREAS CREATING EMPLOYMENT. DISCUSSIONS ON THIS POINT, AS WELL, ARE TO CONTINUE IN COREPER.

SINCE COUNCIL WAS UNABLE TO DECIDE ON AN OVERALL REGULATION ON THE REGIONAL FUND, THE GUIDELINES FOR THE 1974-77 FUND WILL CONTINUE TO APPLY IN 1978. COMMENTING TO REPORTERS AFTER THE COUNCIL SESSION, UK MINISTER OF STATE JUDD REMARKED THAT FRANCE, ITALY, AND IRELAND, WHO WILL GAIN MOST FROM NEW FUND, HAVE THE STRONGEST INTEREST IN QUICK RESOLUTION OF ISSUES WHICH REMAIN UNDECIDED.

3. 1978 BUDGET:

IN ADDITION TO THEIR SPECIFIC CONSIDERATION OF BUDGETARY

APPROPRIATIONS FOR THE 1978 REGIONAL FUND, THE MINISTERS APPROVED THE OVERALL INCREASES DECIDED BY THE EUROPEAN PARLIAMENT FOR "NON-COMPULSORY EXPENDITURE" APPROPRIATIONS (REF B).

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4. EUROPEAN PARLIAMENT DIRECT ELECTIONS:

BELGIAN FOREIGN MINISTER SIMONET (COUNCIL PRESIDENT) INFORMED REPORTERS AFTER THE MEETING THAT THE QUESTION OF SETTING A NEW DATE FOR EUROPEAN PARLIAMENT DIRECT ELECTIONS DID NOT COME UP FORMALLY DURING THE COUNCIL SESSION. HE INDICATED THAT THE UK HAS UNDERTAKEN TO NOTIFY THE COUNCIL IN JANUARY AS TO WHETHER OR NOT THE MAY/JUNE 1978 DATE CAN BE MET.

5. REVIEW OF THE SOCIAL FUND:

COUNCIL ADOPTED WITHOUT DISCUSSION THE REGULATION RELATING TO THE REVIEW OF THE EC SOCIAL FUND, THUS ENABLING THE REVISED FUND TO BE IMPLEMENTED AS OF JANUARY 1, 1978. BUDGETING FOR THE 1978 FUND HAS BEEN APPROVED AT 569.5 MILLION EUROPEAN UNITS OF ACCOUNT IN COMMITMENT APPROPRIATIONS AND 538.8 MILLION EUROPEAN UNITS OF ACCOUNT IN PAYMENT APPROPRIATIONS (ONE EUA CURRENTLY EQUALS APPROXIMATELY \$1.20). THE PURPOSE OF THE SOCIAL FUND IS TO PROMOTE EMPLOYMENT AND TO INCREASE GEOGRAPHICAL AND OCCUPATIONAL MOBILITY FOR WORKERS. SPECIFIC MEASURES PROVIDED BY THE 1978 FUND INCLUDE:

(A) GREATER ATTENTION TO REGIONS MARKED BY ESPECIALLY SERIOUS OR PROLONGED UNEMPLOYMENT (SPECIFICALLY GREENLAND, THE FRENCH OVERSEAS DEPARTMENTS, IRELAND, NORTHERN IRELAND, AND THE ITALIAN MEZZOGIORNO);

(B) ASSISTANCE TO WOMEN OVER AGE 25 WHO WISH TO ENGAGE IN PROFESSIONAL ACTIVITY FOR THE FIRST TIME OR AFTER A LONG ABSENCE, OR WHO HAVE LOST THEIR JOBS; AND

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(C) CONTINUATION UNTIL THE END OF 1980 OF EXISTING ASSISTANCE PROGRAMS FOR CLOTHING AND TEXTILE WORKERS, YOUNG PEOPLE, AND MIGRANT WORKERS.

6. MEDITERRANEAN AGRICULTURE:

EC COMMISSIONER GUNDELACH REPORTED TO THE COUNCIL ON THE COMMISSION'S NEW PROPOSALS CONCERNING MEDITERRANEAN AGRICULTURE (REF E). THE COUNCIL TOOK NO ACTION, SIMPLY TAKING NOTE THAT THE COMMISSION INTENDS TO EXPAND ON THESE PROPOSALS AS SOON AS POSSIBLE.

7. MEDITERRANEAN CITRUS:

THE COUNCIL WAS UNABLE TO REACH AGREEMENT ON AN EC COMMISSION PROPOSAL THAT TARIFF REDUCTIONS ON CITRUS PRODUCTS BE EQUALIZED FOR ISRAEL AND THE MASHREK COUNTRIES ON THE ONE HAND AND THE MAGHREB COUNTRIES ON THE OTHER. THE FILE WAS RETURNED TO COREPER. THE MAGHREB COUNTRIES CURRENTLY RECEIVE AN 80 PERCENT REDUCTION, WHILE ISRAEL AND THE MASHREK COUNTRIES RECEIVE ONLY 40 TO 60 PERCENT REDUCTIONS DEPENDING ON PRODUCT. ACCORDING TO A BELGIAN PERMREP OFFICIAL, BOTH FRANCE AND ITALY (WHO DO NOT WANT TO PROVIDE EASIER ACCESS TO COMMUNITY MARKETS FOR THEIR COMPETITORS) REFUSED TO ACCEPT THE COMMISSION PROPOSAL. A BELGIAN PROPOSAL THAT ALL STATES (ISRAEL, MASHREK, AND MAGHREB) RECEIVE 70 PERCENT REDUCTIONS WAS ALSO REFUSED, AS WAS A DANISH PROPOSAL THAT THE MAGHREB RECEIVE A 90 PERCENT REDUCTION AND THE OTHER STATES 70 PERCENT. COMMISSION OFFICIALS HAVE TOLD US THAT THEIR ORIGINAL PROPOSAL FOR AN ACROSS-THE-BOARD 80 PERCENT REDUCTION WOULD NOT HAVE ANY APPRECIABLE ADVERSE ECONOMIC IMPACT ON EXPORTS FROM THE MAGHREB, ALTHOUGH IT MIGHT BE POLITICALLY DIFFICULT FOR THOSE STATES TO ACCEPT A CHANGE IN THE

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Message Attributes

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